


THE IMPACT OF ACCOUNTING MEASUREMENT OF FINANCIAL INSTRUMENTS AT FAIR VALUE ON STOCK PRICES CHANGES FOR BANKS: AN EMPIRICAL STUDY ON COMPANIES LISTED ON IRAQI STOCK EXCHANGE

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 31 January 2023</p> <p>Accepted 27 March 2023</p>	<p>Purpose: The aim of this study is to examine is the relationship between the accounting measurement of financial instruments at fair value and changes in stock prices for banks listed on the Iraqi Stock Exchange. The study aims to determine whether there is a relationship between the fair value measurement of financial instruments and changes in stock prices and, if so, to what extent this relationship exists. The study may also aim to identify any factors that may influence this relationship and to provide insights and recommendations for stakeholders, such as investors, regulators, and financial institutions.</p>
<p>Keywords:</p> <p>Fair value Measurement; Financial Instruments; Comprehensive Income; Unrealized Gain.</p>	<p>Theoretical framework: The theoretical framework for the study may be based on financial reporting theory, which suggests that the financial statements of a company should provide information that is useful for decision-making by stakeholders. This may include information on the company's financial performance, financial position, and cash flows. The accounting measurement of financial instruments at fair value may have a significant impact on the stock prices of banks listed on the Iraqi Stock Exchange. Banks that adopt fair value accounting for financial instruments may experience more volatility in their stock prices compared to banks that do not use this method.</p>
	<p>Design/ Methodology: A qualitative methodology is used in the study. Given the specifics of the topic at hand, and in an effort to provide a solution and test certain hypotheses, the theoretical research relied on a descriptive method, discussing relevant studies and theoretical literature to examine the many ideas and aspects of fair value measurement.</p> <p>Findings: The study's findings could contribute to the existing literature on the impact of fair value accounting on stock prices and provide further insight into the subject. The results of the study could be used to inform future research on this topic, including the development of new models or hypotheses. The study's findings could be used by banks listed on the Iraqi Stock Exchange to assess the potential impact of adopting fair value accounting for financial instruments on their stock price. The study's findings could be used by regulators and policy makers to assess the impact of fair value accounting on stock prices and the stability of the financial system.</p> <p>Implication: This study can serve as a useful resource for anyone who wants to study the changes of stock market in Iraq and it is relationship with the accounting measurements of the financial instruments, also it would be very essential to be checked by the stakeholders, such as investors, regulators, and financial institutions, who are interested in the stock market of Iraq.</p> <p>Originality/value: The originality/value of an empirical study on the impact of accounting measurement of financial instruments at fair value on stock prices changes for banks listed on the Iraqi Stock Exchange could lie in its contribution to the understanding of the specific effects of fair value accounting on stock prices in the</p>

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Iraqi banking sector. This is an understudied area, as previous research on the topic has largely focused on other countries or regions.

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O IMPACTO DA MENSURAÇÃO CONTÁBIL DE INSTRUMENTOS FINANCEIROS AO VALOR JUSTO SOBRE AS ALTERAÇÕES DE PREÇOS DE AÇÕES PARA BANCOS: UM ESTUDO EMPÍRICO SOBRE EMPRESAS LISTADAS NA BOLSA DE VALORES DO IRAQUE

RESUMO

Objetivo: O objetivo deste estudo é examinar a relação entre a medição contábil dos instrumentos financeiros pelo valor justo e as mudanças nos preços das ações dos bancos listados na Bolsa de Valores do Iraque. O estudo visa determinar se existe uma relação entre a mensuração do valor justo dos instrumentos financeiros e as mudanças nos preços das ações e, em caso afirmativo, até que ponto essa relação existe. O estudo também pode ter como objetivo identificar quaisquer fatores que possam influenciar esta relação e fornecer insights e recomendações para as partes interessadas, tais como investidores, reguladores e instituições financeiras.

Estrutura teórica: A estrutura teórica para o estudo pode ser baseada na teoria da informação financeira, que sugere que as demonstrações financeiras de uma empresa devem fornecer informações que sejam úteis para a tomada de decisões pelas partes interessadas. Isto pode incluir informações sobre o desempenho financeiro da empresa, sua posição financeira e fluxos de caixa. A medição contábil dos instrumentos financeiros pelo valor justo pode ter um impacto significativo sobre os preços das ações dos bancos listados na Bolsa de Valores do Iraque. Os bancos que adotam a contabilização pelo valor justo dos instrumentos financeiros podem experimentar maior volatilidade nos preços de suas ações em comparação com os bancos que não utilizam este método.

Desenho/ Metodologia: Uma metodologia qualitativa é utilizada no estudo. Dadas as especificidades do tema em questão, e num esforço para fornecer uma solução e testar certas hipóteses, a pesquisa teórica baseou-se em um método descritivo, discutindo estudos relevantes e literatura teórica para examinar as muitas idéias e aspectos da medição do valor justo.

Descobertas: Os resultados do estudo poderiam contribuir para a literatura existente sobre o impacto da contabilidade do valor justo nos preços das ações e fornecer uma visão mais aprofundada do assunto. Os resultados do estudo poderiam ser usados para informar pesquisas futuras sobre este tópico, incluindo o desenvolvimento de novos modelos ou hipóteses. Os resultados do estudo poderiam ser utilizados pelos bancos listados na Bolsa de Valores do Iraque para avaliar o impacto potencial da adoção da contabilidade pelo valor justo dos instrumentos financeiros sobre o preço de suas ações. As conclusões do estudo poderiam ser utilizadas pelos reguladores e formuladores de políticas para avaliar o impacto da contabilização pelo valor justo sobre os preços das ações e a estabilidade do sistema financeiro.

Implicação: Este estudo pode servir como um recurso útil para qualquer pessoa que queira estudar as mudanças do mercado de ações no Iraque e sua relação com as medidas contábeis dos instrumentos financeiros, também seria muito essencial ser verificado pelas partes interessadas, tais como investidores, reguladores e instituições financeiras, que estão interessadas no mercado de ações do Iraque.

Originalidade/valor: A originalidade/valor de um estudo empírico sobre o impacto da mensuração contábil de financeiros a valor justo sobre as mudanças nos preços das ações dos bancos listados na Bolsa de Valores do Iraque poderia estar em sua contribuição para o entendimento dos efeitos específicos da contabilidade a valor justo sobre os preços das ações no setor bancário iraquiano. Esta é uma área pouco estudada, já que pesquisas anteriores sobre o tema focalizaram em grande parte outros países ou regiões.

Palavras-chave: Mensuração do Valor Justo, Instrumentos Financeiros, Renda Abrangente, Ganho não Realizado.

EL IMPACTO DE LA MEDICIÓN CONTABLE DE LOS INSTRUMENTOS FINANCIEROS AL VALOR RAZONABLE EN LAS VARIACIONES DE LAS COTIZACIONES BURSÁTILES DE LOS BANCOS: UN ESTUDIO EMPÍRICO SOBRE LAS EMPRESAS QUE COTIZAN EN LA BOLSA IRAQUÍ

RESUMEN

Objetivo: El objetivo de este estudio es examinar la relación entre la valoración contable de los instrumentos financieros a su valor razonable y las variaciones de las cotizaciones bursátiles de los bancos que cotizan en la Bolsa de Valores de Iraq. El estudio pretende determinar si existe una relación entre la medición a valor razonable de los instrumentos financieros y las variaciones de las cotizaciones bursátiles y, en caso afirmativo, en qué medida

existe dicha relación. El estudio también puede tener como objetivo identificar cualquier factor que pueda influir en esta relación y proporcionar ideas y recomendaciones para las partes interesadas, como los inversores, los reguladores y las instituciones financieras.

Marco teórico: El marco teórico del estudio puede basarse en la teoría de la información financiera, que sugiere que los estados financieros de una empresa deben proporcionar información útil para la toma de decisiones de las partes interesadas. Esto puede incluir información sobre los resultados financieros, la situación financiera y los flujos de caja de la empresa. La medición contable de los instrumentos financieros al valor razonable puede tener un impacto significativo en los precios de las acciones de los bancos que cotizan en la Bolsa iraquí. Los bancos que adoptan la contabilidad por el valor razonable para los instrumentos financieros pueden experimentar una mayor volatilidad en sus cotizaciones bursátiles en comparación con los bancos que no utilizan este método.

Diseño/ Metodología: En el estudio se utiliza una metodología cualitativa. Dadas las especificidades del tema que nos ocupa, y en un esfuerzo por aportar una solución y poner a prueba determinadas hipótesis, la investigación teórica se basó en un método descriptivo, analizando los estudios y la literatura teórica pertinentes para examinar las numerosas ideas y aspectos de la medición del valor razonable.

Conclusiones: Las conclusiones del estudio podrían contribuir a la bibliografía existente sobre el impacto de la contabilidad por el valor razonable en los precios de las acciones y aportar más información sobre el tema. Los resultados del estudio podrían utilizarse para fundamentar futuras investigaciones sobre este tema, incluido el desarrollo de nuevos modelos o hipótesis. Los bancos que cotizan en la Bolsa iraquí podrían utilizar los resultados del estudio para evaluar el impacto potencial de la adopción de la contabilidad por el valor razonable para los instrumentos financieros en el precio de sus acciones. Los reguladores y los responsables políticos podrían utilizar las conclusiones del estudio para evaluar el impacto de la contabilidad por el valor razonable en los precios de las acciones y la estabilidad del sistema financiero.

Implicaciones: Este estudio puede servir como un recurso útil para cualquiera que quiera estudiar los cambios del mercado de valores en Iraq y su relación con las mediciones contables de los instrumentos financieros, también sería muy esencial para ser revisado por las partes interesadas, tales como inversores, reguladores, e instituciones financieras, que están interesados en el mercado de valores de Iraq.

Originalidad/valor: La originalidad/valor de un estudio empírico sobre el impacto de la medición contable de financieros a valor razonable en las variaciones de las cotizaciones bursátiles de los bancos que cotizan en la Bolsa iraquí podría residir en su contribución a la comprensión de los efectos específicos de la contabilidad a valor razonable en las cotizaciones bursátiles del sector bancario iraquí. Se trata de un ámbito poco estudiado, ya que las investigaciones anteriores sobre el tema se han centrado en gran medida en otros países o regiones.

Palabras clave: Medición del Valor Razonable, Instrumentos Financieros, Resultado Global, Ganancia no Realizada.

INTRODUCTION

The current epidemic crisis (COVID-19) has revived the debate about the accounting practice of fair value accounting at the world level, especially in the banking sector, which is considered one of the most sensitive sectors to the quality of financial information, where financial information plays a major role in making decisions; it is a very organized and meticulous sector.

In the past, many researchers criticized some methods of accounting measurement and disclosure in banks. With the collapse of global financial markets in 2008, the budgets of most banks were affected, which made accounting standards bodies in great embarrassment because accounting could not predict these risks, or at least mitigate their effects. Thus, Boards responsible for accounting standards tried to find solutions and suggestions that mitigate the effects of any future crises or fluctuations on the accounts of banks and companies. The

application of fair value accounting represents a pivotal change in accounting thought, and one of the controversial issues because it conveys various messages that result in fluctuations in the market and the financial system, and the investor's need to understand content when making an investment decision (Fahad, A. Y., & Abdurrazaq, T. O. (2022).

In order to achieve the measurement function, the accounting profession faced great challenges against choosing the most appropriate measurement, as the controversy regarding the issue lies in choosing the appropriate method that showing better information.

One of them is its supporters and opponents, especially since each of these methods will lead to different results for the accounting elements in the financial statements, and thus the different decisions taken by the users of the financial statements according to the method of measurement used.

Currently, in light of the Corona virus, and with the bankruptcy of many companies and the significant decline in global stock exchanges, major international accounting firms, such as the Big Four, hastened to issue urgent instructions that address issues related to fair value.

The fair value in a time of crisis is completely different from normal times, and therefore the need to reconsider the financial information based on fair value seemed commensurate with the current situation, as the post-COVID-19 phase will be a very important and influential stage for the accounting industry, and some of its important topics such as fair value financial derivatives, finance lease and revenue.

In turn, banks in Iraq knew the application of fair value through the internal accounting system, which is largely derived from international accounting standards, but despite the great controversy that accompanied the application of fair value to the banking sector in various countries of the world, especially in times of crisis, through the abolition of some their own standards and modify others.

According to International Standard (39), fair value is the price at which an asset may be transferred or a liability paid between willing parties to the exchange who both know the facts and bargain freely. Under American Standard 157 Fair Value Measures, "fair value is the price that would be obtained to sell an asset or settle a liability (the exit price) in an orderly transaction between market participants". The fair value of shares has received attention, analysis and follow-up, especially the evaluation of the common shares of companies listed on stock exchanges. Therefore, the concept of stock value is a complex and unclear concept as expected by many investors, because defining a clear concept of value depends on many other concepts that affect directly on the value of the shares, including these concepts (the value of

the company issuing securities, general economic conditions, changes in the industry to which the company belongs), and any new information that may reach the market about the actions of shareholders or about buying and selling of shares may affect negatively or Positive stock value.

With regard to the Iraqi banking environment, there are many outstanding questions and problems that must be raised, such as issues related to fair value in this sector, classification and reclassification of financial instruments, measurement and disclosure. Thus, the focus in this study was on evaluating the reality of the fair value model of financial assets according to the international accounting system, which depends mainly on the international accounting standard in accordance with the relevant accounting standards.

In this study, the researcher used both comprehensive income and net income to assess each variable's potential to evaluate business performance. The stock returns are seen as a proxy for performance. By experimenting on a small number of Iraqi banks.

LITERATURE REVIEW

Following are a review of the debate are presented regarding the previous literature:

Study of (Lashaarawy et al, 2022): The study aimed at describing the fair value of assets and its impact on the financial performance of Palm Hills Real Estate Development Company as a case study during the period from 2014 to 2020, where the study focused on presenting previous studies related to the research phenomenon and presenting the methodological framework of the study in terms of the exploratory study and the problem of the study resulting from the use of accounting estimates Fair value in financial reporting, due to the personal judgment in estimating fair values, and the multiplicity of fair value models of financial assets and liabilities on various and multiple measurement methods. Some financial assets are measured according to the fair value, and financial liabilities are measured according to historical cost, which leads to inconsistency in the accounting treatment, and conflicts with the principle of consistency in accounting, and this has a significant impact and affects the users of financial statements and performance evaluation and the nature and determinants of financial performance as well as standards The financial performance, as well as the applied part in terms of the study method, study population and sample, study period, data collection method, study hypotheses, study variables, methods and statistical tests used. The study concluded that the fair value accounting method is the best measure for evaluating financial tools and obligations in light of the changes that occur in the economy (Shakatreh, M., Rumman, M. A. A., & Mugableh, M. I. 2023). The use of the fair value measure is one of the positive influences to

make the financial statements reliable and understandable. International financial reports, which helps to reach better and more accurate results, which leads to improving forecasting accuracy and supports the fair value of assets, to enhance investor confidence in these lists, which leads to the efficiency of investment decisions.

Study of (Chen, 2020): The purpose of this study was to assess the influence of fair value adjustments for financial instruments on dividend distribution using a sample of businesses from the Australian Stock Exchange's financial sector. The analysis was based on a collection of factors, the most significant of which are machinery, equipment, inventories, and the change in their cost, as well as their influence on cash flows and liquidity, in the context of adopting international financial reporting standards. This study discovered a positive relationship between fair value adjustments for financial instruments and corporate dividends, indicating that financial companies' frequent use of fair value adjustments for financial instruments following the application of the standard results in an increase in profits, which causes a change in dividend policy.

Study of (Bratten, 2020): This study aimed to examine the banks' use of loan loss provision for profit management and its relationship to the proportion of assets subject to fair value reports. The study was based on a set of variables, the most important of which are furniture, inventory, and the change in its fair value and its impact on the return on assets. The study found that banks with a greater proportion of assets subject to fair value reporting use less profit management on the basis of loan loss provision. Also, banks that use more auditors have less profit management.

Study of (McDonough,2020): This study aimed to discuss the issue of using fair value to measure the company's assets and liabilities. The most important factors that the company depended on were long-term assets, changes in their cost, and the impact on cash flows and liquidity. This paper provided an overview of the history of using fair value in measurement as well as the related accounting standards that require the use of fair value measurement in accordance with international financial reporting standards and generally accepted accounting standards. The researchers developed a set of ideas regarding the use of fair value measurement of company assets. That is, how closely businesses in different industries abide by global standards that demand the use of fair value evaluation.

Study of (Argilés, 2011) This study's tests demonstrate that agricultural cash flows are not less predictable with a fair value than with HC. Consequently, there is no change in accounting information's usefulness. In contrast, the majority of experiments indicate a greater

predictive power of future profits under FV (but not confirmed by most robust estimations and tests). There are no substantial changes in profits, sales, or profitability volatility that might impact any differences in predictive power. None of the purported disadvantages of FV have been actually validated by this study. Nonetheless, FV circumvents the prohibitive complexity of cost assessment in the agriculture industry. Therefore, where there are reliable marked prices, fair valuation looks to be a good, straightforward way of valuation for attaining a wider adoption of accounting in the agriculture sector.

Study of (Ghosh, 2020): Given that the real estate sector is one of those most impacted by fair value assessment, this study sought to determine if more transparency in financial reporting lowers information asymmetry and improves price efficiency in this industry. The study came to the conclusion that, despite the reduction in asymmetric information following the application of International Standard No. 40, the disclosure of the fair value does not result in a reduction in the deviation in net asset value, and instead causes an exacerbation of the deviation of net assets and liquidity.

(Mendes, 2018) The majority of respondents cited poor academic training in accounting degree courses as the primary cause for the need to strengthen the accounting estimates process in order to fully develop the audit work of FVM. Second, the accounting profession's general inability to evaluate pricing models for financial instruments due to the absence of a financial specialist on audit teams.

Study: (Alaa hassan kareem al-shara, et al, 2018pp.29-52): Based on a survey list applied to a sample of Iraqi banks, the study sought to determine the impact of fair value accounting on improving the quality of financial statements and reports. It was discovered that there is a strong positive correlation between fair value and the level of confidence in the disclosed information. Additionally, it was discovered that the fair value had an effect on the variations in the banks' financial standing under normal circumstances.

Study: (Taylor Joo, Kevin D. Melendrez, 2017, pp. pp.81-96): The purpose of the study was to evaluate the appropriate value to determine the fair value in accordance with Level 3 (mark-to-model), as well as its effects on the unrealized gains and losses of financial investments that are available for sale, the degree to which these investments are correlated with stock market returns, and the degree to which the recent global financial crisis affected this relationship. According to the study's findings, the third level's fair value measures are less trustworthy than those at the first and second levels, which causes the estimates of unrealized profits to be inflated, and therefore the estimates of unrealized gains are exaggerated, and the

unrealized losses are less for companies in the case of large assets valued at fair value at the level Third, it also found the impact of the recent global financial crisis on investors' conviction of the reliability of fair value measurements for the third level, and on the estimation of unrealized losses and gain on investments.

A study (Liang & Riedl, 2016, pp. 1151-1177): The study aimed to explain the impact of the use of the financial reporting model on the current assets of real estate investment companies in England using fair value and historical cost in the United States of America on the accuracy of financial analysts' forecasts. The study concluded that there is a high prediction accuracy of the value of the net assets in those companies that apply the fair value, and that there is a low prediction accuracy in the value of the earnings per share in those companies in the United States of America that apply the fair value and the reason is due to the addition of unrealized profits and losses in the income statement prepared on fair value basis.

Study of (Oyewo,2020): This research looked at the issues that fair value assessment and accounting estimates faced after being implemented in the Nigerian environment. Whereas the information was gathered through a standardized questionnaire sent to a sample of 400 auditors from varied backgrounds and auditing firms. Descriptive statistics, factor analysis, one-way analysis, and cluster analysis were used to examine the data. The tendency of managers to manipulate profits was noted as the biggest challenge for fair value measurement review due to the auditors' inability to successfully test managers' estimates of fair value and their inability to verify estimates of fair value, including the inputs from the assumptions of the fair value estimation model, it may endanger the essence of the fair value measurement and thus negatively affect the quality of financial reports.

Study (Uwalomwa, Agba, & Jimoh, 2017): Through an analysis of returns for the year before to application and the three years following application, this study sought to understand the effects of the adoption of (IFRS) on the returns of the eleven listed banks in the financial market. In the years after the implementation of international financial reporting standards, the study discovered a decline in profitability.

Study of (Al-Mobedien, 2020) entitled: "The Impact of Fair Value Accounting on the Suitability and Reliability of Financial Statements in Jordanian Financial Brokerage Firms" In particular, as the foundation of accounting measurement rests on historical cost, the goal of this study was to determine the degree of the influence of fair value accounting on the correctness and dependability of financial statements in Jordanian financial intermediation enterprises. The data of sixteen financial brokerage businesses were examined to validate the impact of fair

value on companies in order to meet the study's goals. A questionnaire was designed by referring to international accounting standards and research and studies published in periodicals and scientific journals related to the topic of research. The questionnaire consisted of two main parts, the objective of the first part was to collect demographic data on the respondents (age, occupational level, specialization, educational qualification, and years of experience), while the second part aimed to show the impact of fair value accounting on the appropriateness and reliability of financial statements in Jordanian financial brokerage firms. (177) questionnaires were distributed to (59) financial brokerage companies, and the SPSS software package was used, as well as trend analysis, and a number of results were reached that can be summarized as follows:

- The majority of respondents confirmed that accounting information prepared according to fair value is more appropriate for decision makers in financial brokerage companies.
- Most of the sample confirmed that accounting information prepared according to fair value is more reliable.
- There is a fluctuation in the share prices of companies listed on the Iraq Stock Exchange, and thus this leads to a fluctuation in the fair value estimation.
- The accounting measurement prepared according to the fair value sometimes depends on personal judgments and estimates.
- There is a possibility of bias in the measurement process of financial statements prepared according to fair value.
- The most important recommendations were to recommend amending the instructions for applying fair value by the concerned authorities, so that there is no room for personal judgments and estimates in estimating the fair value, and bias in the process of measuring the financial statements prepared according to the fair value.

Study of (Oyebisi Ibidunnia, Wisdom Okerea, 2018, pp-100). Using a survey list distributed to 161 individual analysts, investors, and portfolio managers in companies, the study sought to examine the relationship between fair value accounting and the dependability of accounting information. It was discovered that there is a significant correlation between value accounting fairness and dependability of accounting information, as it was discovered that there was no clear picture before users of how t, how and when its application in measuring assets and liabilities in the financial statements.

MATERIAL AND METHODOLOGY

The researcher follows qualitative approaches. Based on the nature of the subject, and in order to answer the problem and try to test the hypotheses, the descriptive approach was relied on in the theoretical study by dealing with previous studies and theoretical literature in order to address the various concepts and elements related to fair value measurement, while in the empirical part the Inferential Statistics method is used in order to analyze and test hypotheses and analyze the relationship between study variables.

Model

A sample of Iraqi for the time period of 2011-2020 is used, with pooled data for 10 years, and 5 banks were utilized in order to test the hypotheses, correlation and regression analyses are performed for the following models:

Model (1): Price (Pit) = $\beta_0 + \beta \text{NIit} + \epsilon_{it}$

Model (2): Price (Pit) = $\beta_0 + \beta \text{CIit} + \epsilon_{it}$

Model (3): Return (Rit) = $\beta_0 + \beta \text{NIit} + \epsilon_{it}$

Model (4): Return (Rit) = $\beta_0 + \beta \text{CIit} + \epsilon_{it}$

Where:

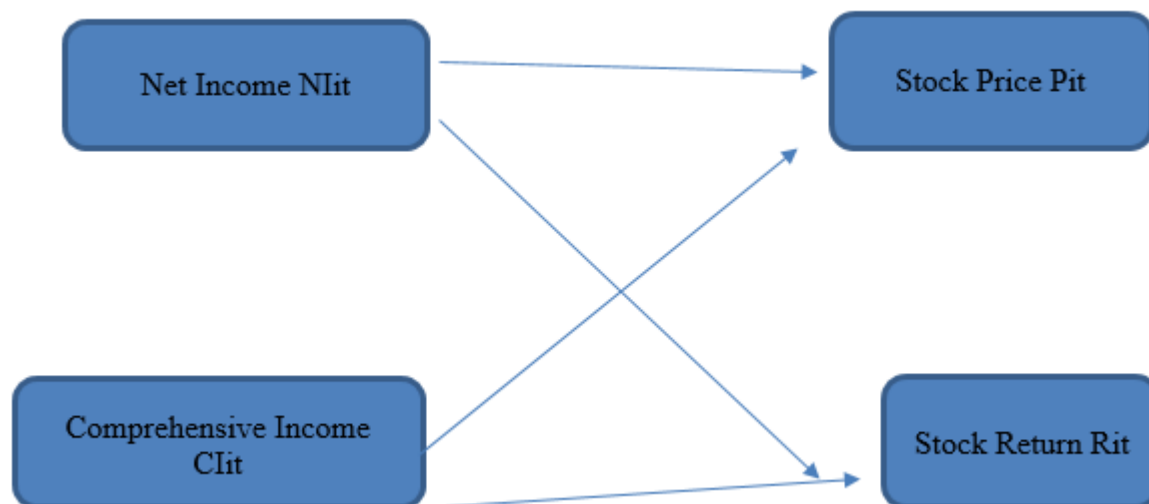
Pit is price of common stocks.

Rit: is return represented by changing in common stocks prices between two periods.

NIit: is net income.

CIit: is comprehensive income.

Figure 1 explain the Study Model



Source: created by author 2023.

Data

The sample used consists of all 2011 to 2020 years-firm that have data needed for calculating returns, net income NI, and comprehensive income CIit.

The sample of Iraqi banks for the time period of 2011-2020.

Hypotheses

For studying the impact of fair value application on financial stock returns, the researcher tests the following hypotheses:

H1: Relation between share market prices and comprehensive income is stronger than relation between share market prices and net income.

H2: Relation between share market returns and comprehensive income is stronger than relation between share market returns and net income.

Ethical Considerations

the following points represent the most important principles related to ethical considerations which the researcher intended to take into consideration during this research:

- 1. There was no damage of any kind done to research subjects.**
- 2. The researcher made an effort to appreciate the worth of research subjects.**
- 3. Prior to the trial, participants gave their full consent.**
- 4. The confidentiality of study participants is protected.**
- 5. The study data's confidentiality is adequately protected.**
- 6. Any misrepresentation or exaggeration of the research's goals and objectives has been avoided.**
- 7. All research-related communications are conducted in an honest and open manner.**
- 8. False information of any kind and biased reporting of main data results are avoided**

RESULTS AND DISCUSSION

The researcher presents in this part analysis for the results of research hypotheses:

Results of Testing H1

H1: Relation between share market prices and comprehensive income is stronger than that of net income.

Tables explaining: The results of the regression analysis test for the relation between stock market prices and comprehensive income.

Table No. 1: Model Summary [created by author (2023)]

R	R Square	Adjusted R Square	Std. Error of the Estimate
.679	.461	.450	2.403

The independent variable is Clit.

Table No. 2: ANOVA [created by author (2023)]

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	237.343	1	237.343	41.089	.000
Residual	277.262	48	5.776		
Total	514.605	49			

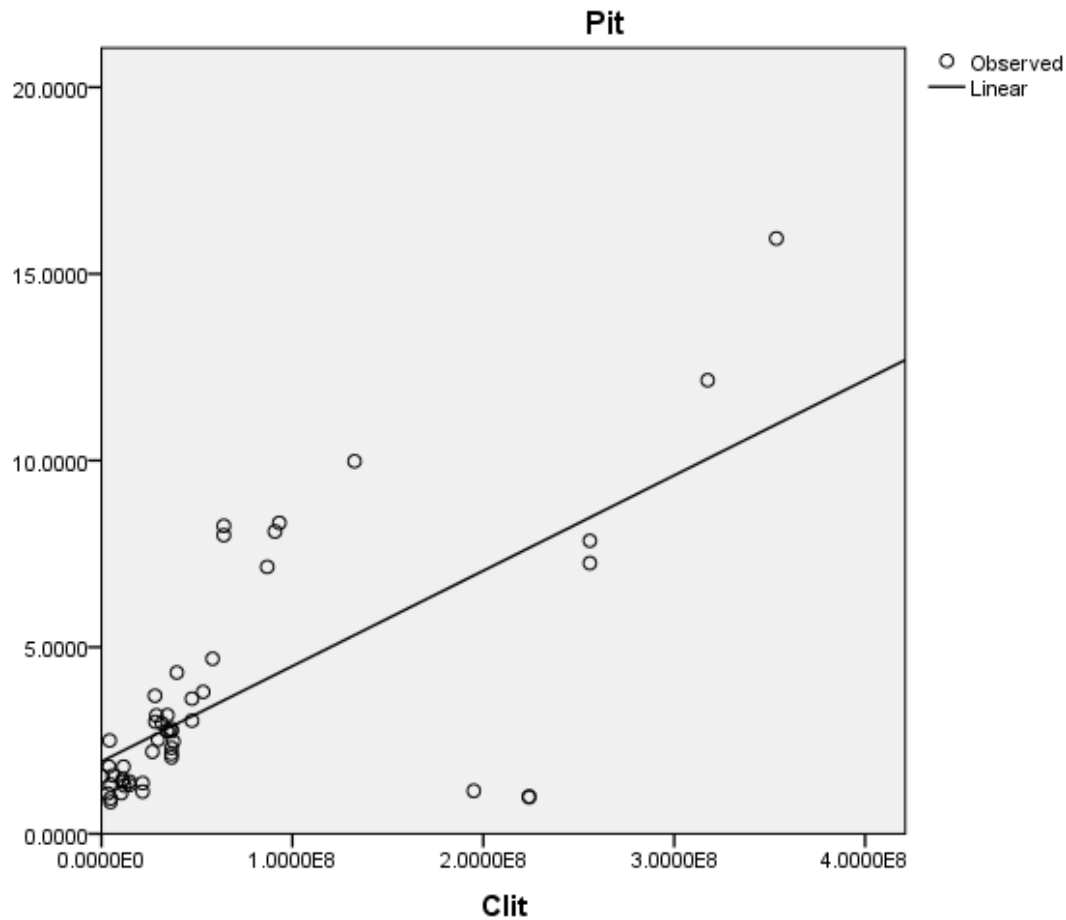
The independent variable is Clit.

Table No. 3: Coefficients [created by author (2023)]

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Clit	2.555E-8	.000	.679	.	.
(Constant)	1.938	.428		4.530	.000

created by author 2023

Figure 1 Diagram created by the author (2023)



Tables explaining: The results of the regression analysis test for the relation between stock market prices and net income. [created by author (2023)]

Table No. 4: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.600	.360	.346	2.620

The independent variable is NIit.

Table No. 5: ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	185.171	1	185.171	26.980	.000
Residual	329.434	48	6.863		
Total	514.605	49			

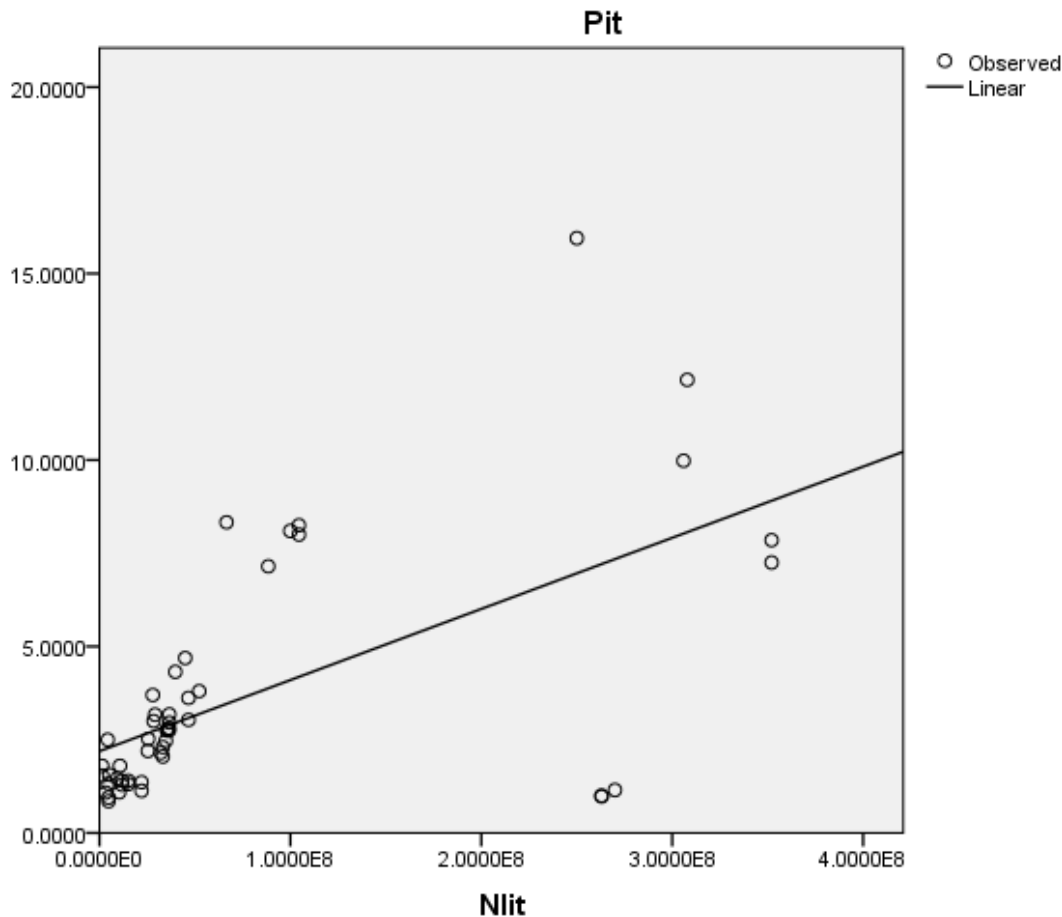
The independent variable is NIit.

Table No. 6: Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
NIit	1.908E-8	.000	.600	.	.
(Constant)	2.192	.460		4.770	.000

created by author 2023

Figure 2 created by author 2023



This hypothesis was tested by comparing the correlation and regression coefficient for each of the first and second models, and the tables no: 1&2&3&4&5&6 below show the results of the relevant tests. the correlation test shown indicates that the Pearson correlation coefficient between market price of shares and comprehensive income amounted to 0.679 which is greater than the correlation coefficient between the market price per share and net income which was 0.60, and regression test shown indicates that the regression coefficient between market price of shares and comprehensive income amounted to 0.461 (the comprehensive income changes interpret 46.1% of market price changes) which is greater than the regression coefficient between the market price per share and net income which was 0.36 (the net income changes

interpret 36% of market price changes) indicating that the relationship between the market price of shares and comprehensive income is stronger than that between the market price and net income, and also note from the above tables that significant (SIG) of correlation test was 0.00, which is less than 5%, which explains the reliability of correlation test at a confidence level of 95%. Regression testing of first and second models research indicates that the regression coefficient for the first models, which represents the relationship between market price of share and net income amounted to 34.6%, which is less than the regression coefficient for the second model, which represents the relationship between the market price of shares and comprehensive income, which was in turn 46.1% This means that the explanatory ability of Comprehensive income for the market price is higher than that of net income, and the noted from the tables above also that significant of this test is 0.00% which is less than 5% for both models, which means that the test is significant, this lead the researcher to accept the first hypothesis of the research, which says that the relationship between the market price of shares and comprehensive income is stronger than that between the market price per share and net income.

The Results of Testing H2

Relation between share market returns and comprehensive income is stronger than that of net income.

Tables explaining: The results of the regression analysis test for the relation between stock market returns and comprehensive income, tables are [created by author 2023].

Table No. 7: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.550	.302	.288	72714100.897

The independent variable is Rit.

Table No. 8: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	10992239629396 3952.000	1	10992239629396 3952.000	20.790	.000
Residual	25379234252615 7824.000	48	52873404692949 55.000		
Total	36371473882012 1790.000	49			

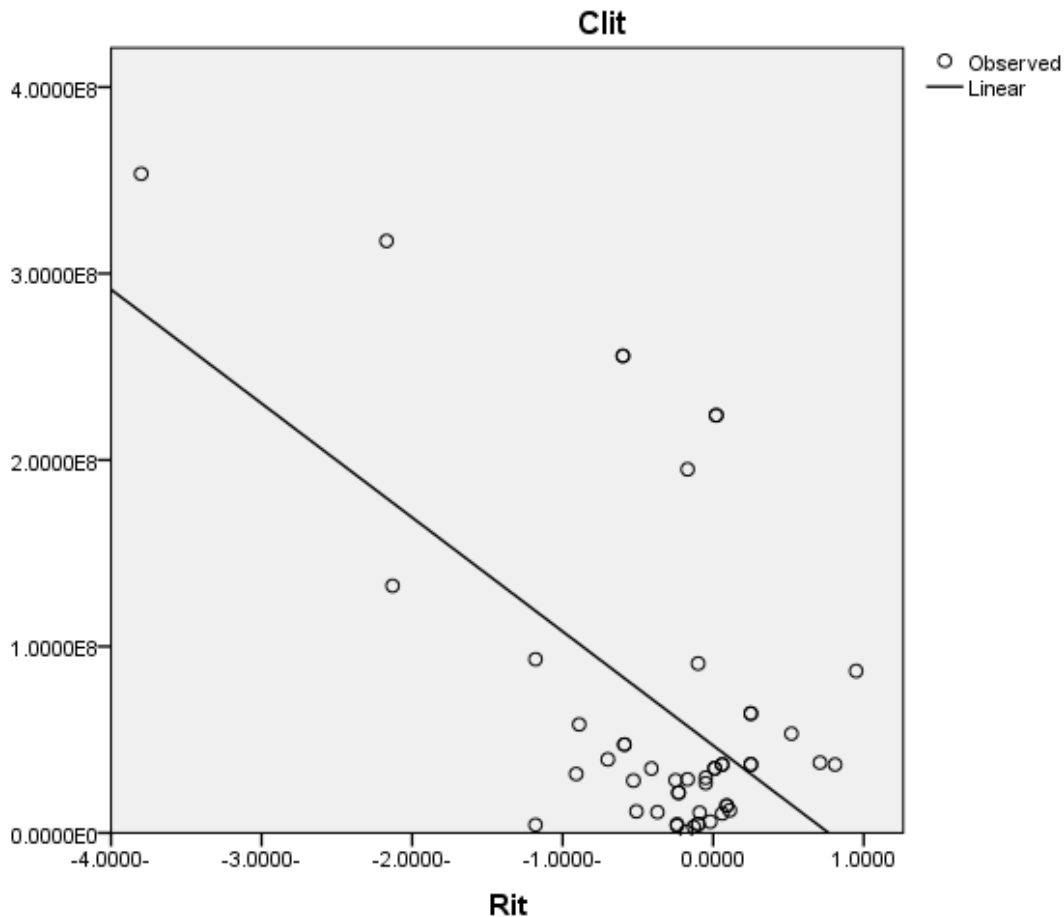
The independent variable is Rit.

Table No. 9: Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Rit	-61139645.559	13409063.934	-.550	-4.560	.000
(Constant)	46896960.422	11041173.390		4.247	.000

created by author 2023

Figure 3 [created by the author (2022)]



Tables: The results of the regression analysis test for the relation between stock market returns and net income. [created by author 2023]

Tables No.10: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.438	.192	.175	92553314.077

The independent variable is Rit.

Tables No.11: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	9767608905919163 2.000	1	9767608905919163 2.000	11.403	.001
Residual	4111735654384881 30.000	48	8566115946635169. 000		
Total	5088496544976797 40.000	49			

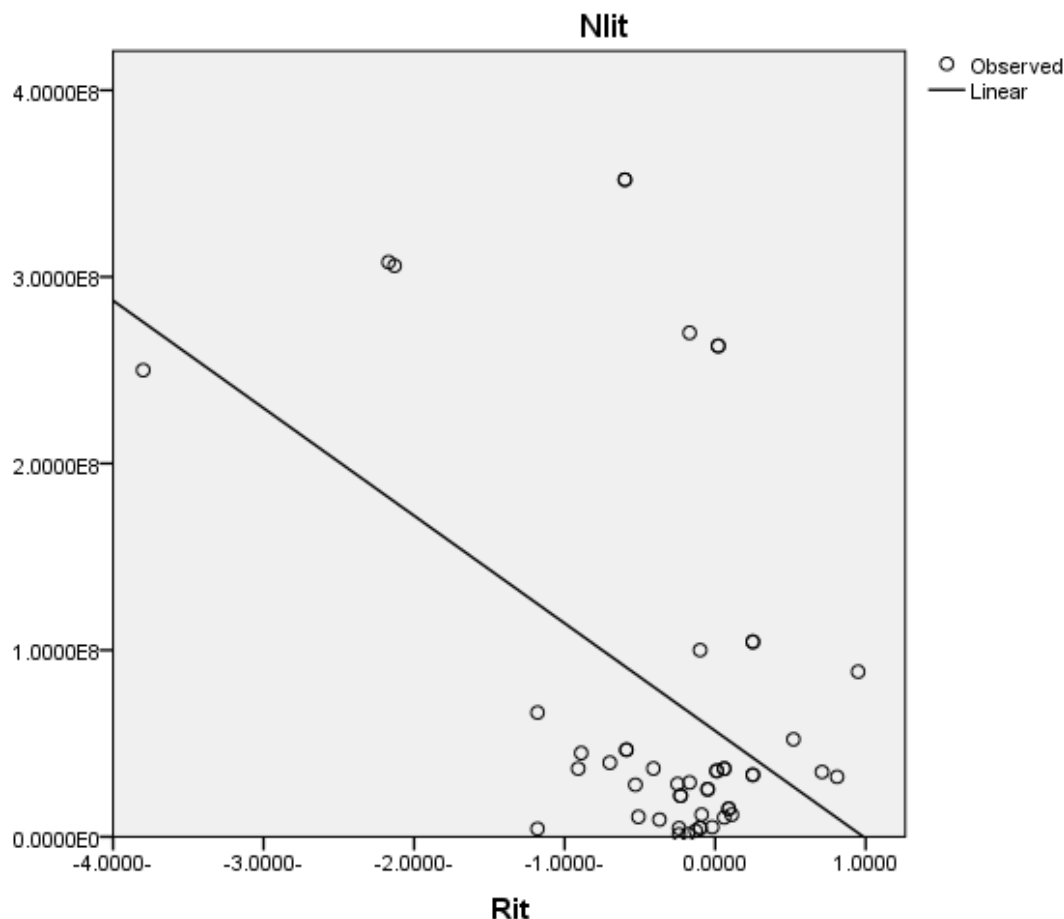
The independent variable is Rit.

Tables No.12: Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Rit	-57633361.935-	17067574.108	-.438-	-3.377-	.001
(Constant)	56755033.612	14053631.633		4.038	.000

created by author 2023

Figure 4 [created by author 2023]



This hypothesis was tested by comparing the correlation and regression coefficient for each of the third and fourth models, and the tables no: 7&8&9&10&11&12 below show the

results of the relevant tests. the correlation test shown indicates that the Pearson correlation coefficient between market returns of shares and comprehensive income amounted to 0.55 which is greater than the correlation coefficient between the market returns per share and net income which was 0.438, and regression test shown indicates that the regression coefficient between market returns of shares and comprehensive income amounted to 0.302 (the comprehensive income changes interpret 30.2% of market returns changes) which is greater than the regression coefficient between the market returns net income which was 0.192 (the net income changes interpret 19.2% of market returns changes) indicating that the relationship between the market returns of shares and comprehensive income is stronger than that between the market returns and net income, and also note from the above tables that significant (SIG) of correlation test was 0.00, which is less than 5%, which explains the reliability of correlation test at a confidence level of 95%. Regression testing of third and fourth models research indicates that the regression coefficient for the third models, which represents the relationship between market returns of share and net income amounted to 19.2%, which is less than the regression coefficient for the second model, which represents the relationship between the market price of shares and comprehensive income, which was in turn 30.2% This means that the explanatory ability of Comprehensive income for the market returns is higher than that of net income, and the significant of this test is 0.00% which is less than 5% for both models, which means that the test is significant, this lead the researcher to accept the first hypothesis of the research, which says that the relationship between the market returns of shares and comprehensive income is stronger than that between the market price per share and net income.

CONCLUSION

The results show the relation between stock market prices and comprehensive income is higher than that the relation stock market prices and net income, and also the relation between stock market returns and comprehensive income is higher than that the relation stock market returns and net income. That leads the researcher to conclude that comprehensive income has priority to interpretation of stock prices and returns compared to net income. But collectively, the results provide weak evidence that, comprehensive income and net income have ability of reflecting firm performance, because of the weak relationship between each of comprehensive and net income and stock returns, where the interpretation percentage for each of comprehensive and net income for stock returns amounted respectively 30.2%, 19.2% which are weak and it appears as slight limitation of this study. The study recommends, based on the

results that have been reached, the necessity of optimal and accurate use of fair value measures because of their impact on the company's performance, as well as directing banks to adhere to the application of international financial reporting standards related to measuring the fair value of financial instruments, which helps to reach better and more results. Accuracy and thus leads to improving the accuracy of forecasts and enhancing the confidence of users of the financial statements to make decisions, and the necessity of holding training courses and qualifying those responsible for the application of fair value measurement of financial instruments in banks, which contributes to raising their efficiency and access to accuracy in preparing financial reports

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